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UNCLAS SECTION 01 OF 02 QUITO 002863

SIPDIS

SENSITIVE

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SUBJECT: ECUADOR: PALACIO SWEARS IN TWO NEW CABINET MEMBERS

REF: QUITO 2814

1. (U) Summary: On December 14, President Alfredo Palacio swore in Alfredo Castillo Bujase as the new Minister of Government (the fourth person to hold this post since Palacio took office in April). Acting Minister of Government Galo Chiriboga returned to his previous post as Minister of Labor. Jose Modesto Apolo replaced Luis Herreria as Presidential Administration Secretary on December 14. More Cabinet changes are expected in coming days or weeks. Below is biographical information for the following new Cabinet members and government officials: Minister of Government Alfredo Castillo and Administration Secretary Jose Modesto Apolo. End Summary.

Minister of Government Alfredo Castillo

2. (U) On December 15, Castillo told press that as Minister of Government, he will continue government efforts to convoke a referendum on a national constituent assembly to consider constitutional reforms. He reportedly said the project would not be immediate, would not go through Congress, and would include one question on whether to convoke a constituent assembly. His other priority would be "recovering national sovereignty."

3. (U) Castillo was born November 24, 1939 in Guayaquil. He holds degrees in law and economics from Quito's Central University. He studied in the former Soviet Union and Britain. Castillo, a former hard-line Marxist, was a leader of the Communist Party's "Leftist Broad Front" ("Frente Amplia de la Izquierda" or FADI) in the 1970s. He founded the National Liberation Party (NLP) in October 1987 and served as secretary general of the party. The party dissolved in 1995. Press reports claim that President Palacio's father was a member.

4. (U) Since 1973, Castillo has held academic posts at the Central University, University of Guayaquil, and Catholic University. From 1973-74, Castillo was head of Central University's Sociology Department.

5. (U) In 1990, Castillo was an unsuccessful candidate for Congress, representing Pichincha province. His campaign slogan was "Be Free!" and his platform was to include workers' representatives on the Monetary Board, modify the structure of the National Development Bank, and promote greater state support for science and technology related to production.

6. (U) Castillo was named advisor to then-President Abdala Bucaram (PRE) in July 1996. Castillo became banana magnate Alvaro Noboa's vice presidential candidate in the 1998 elections on the Bucaram's PRE party's ticket. Castillo met Noboa when he was advisor to Bucaram and Noboa was president of the Monetary Board. These associations would appear to indicate a migration in the post-1989 era from communist dogma to a more generalized populism.

7. (U) Castillo is married to Martha de Diago de Castillo and has two children. In his free time, he reads, studies, and writes. He has written works including "Keynes and the Political Economy of the 20th Century" and "Particularities of Latin-American Development." He enjoys reading the literature of authors including Shakespeare, Balzac, and Garcia Marquez, and the writings of Hegel and Marx.

Administration Secretary Jose Modesto Apolo

8. (U) Apolo becomes Presidential Administration Secretary, similar to White House Chief of Staff, after having been a close political advisor to Palacio. Apolo met Palacio when he was the senior Under Secretary for Trade under President Sixto Duran Ballen in 1995-96 and Palacio was serving as Duran Ballen's Minister of Health.

9. (U) Apolo has a master's degree in international affairs and diplomacy, as well as a law degree. At age 19, Apolo participated in protests against the dictator Ramon Castro Jijon, organized by the Guayaquil Chamber of Commerce. In 1986, he ran for provincial councilor for Guayas on the Liberal Party's ticket, but did not win. Since his failed

candidacy, he has not had any political party affiliation.

10. (U) Apolo has been active in the Guayaquil Chamber of Commerce, the Guayaquil Chamber of Industry, and the Maritime Chamber. He has also served as an advisor to the National Port Council and has been director of the Port Authority and Customs. In Guayaquil, Apolo runs a law firm founded by his father, Apolo and Associates, which specializes in maritime issues.

11. (U) In 1999, Apolo was treated for a cancer on his tongue. He later founded the Ecuadorian Foundation Against Cancer. His health is said to currently be good. He has been involved in charity exchanges with Sloan-Kettering hospital in New York.

12. (U) Apolo has been married to Maria Lorena Santos for 28 years and the couple has two children, one of whom is an architect living in Miami. Apolo speaks good English. He is called "Pepe" by his friends. Apolo's father, Modesto Apolo Ramirez, was a leader of the Liberal Party.

Comment

13. (SBU) We remain leery of Castillo's leftist credentials, despite assurances he will not be permitted to deal with U.S. bilateral interests (RefTel). Apolo has been better known and generally helpful to us in the past. Both men appear to favor Palacio's political strategy of confronting the political party elites at considerable risk to this government's stability. The Ambassador will request a meeting with Castillo to size him up and seek common ground, especially in the fight against trafficking in persons.
JEWELL